

FISCAL NOTE

HB 3177 - SB 3173

February 16, 2000

SUMMARY OF BILL:

- Creates the Tennessee Tobacco Settlement Trust Fund Act.
- Establishes a trust fund known as the Tennessee Tobacco Settlement Trust Fund within the state treasury and provides that all funds received by the state under the Attorneys General Master Tobacco Settlement Agreement shall be deposited in such fund. Trust funds are to be invested in accordance with policy guidelines established by resolution of the Funding Board, within the laws, guidelines and policies that govern investments of the Tennessee Consolidated Retirement System. Payments into the trust fund constitute the principal of the trust and shall not be expended or appropriated for any purpose nor shall any portion be proposed or recommended by the governor for expenditure in the budget document or appropriations bill or otherwise.
- Authorizes reasonable and necessary expenses of administration of the fund may be paid from interest or income received on the principal of the trust fund.
- Authorizes the state treasurer to promulgate rules and regulations necessary to effectuate the provisions of this act.
- Establishes the Tobacco Use Reduction and Health Care Board and the Tobacco Community Revitalization Board to assist the general assembly in maximizing benefits realized from the expenditure of the interest or income from the trust fund. All members of each board shall serve without compensation.
- Provides that 75% of the interest or income from the investment of the trust fund's principal shall be utilized for public education and information programs designed to discourage the use of tobacco products, enforcement programs to prevent the purchase of tobacco products by minors, voluntary smoking cessation programs, medical and scientific research related to tobacco use, and school health programs.
- Provides that 25% of the interest or income from the investment of the trust fund's principal shall be utilized for the promotion of economic growth and development in tobacco-dependent communities to assist such communities in reducing their dependency on tobacco and tobacco-related business, community incubation programs for tobacco-dependent communities, and studies on the potential for alternative cash crops and any other matters that affect tobacco growers.
- Requires during the regular annual session of the General Assembly in 2005, the general assembly shall conduct a comprehensive review of the programs which have been funded with the interest or income from the trust fund and shall consider whether any changes are needed in the programs for which these monies are being spent or in the mechanism for determining which programs should be funded.
- Requires the General Assembly to consider whether any portion of the principal received annually pursuant to the master settlement agreement in future years should be available for direct appropriation by the general assembly.

HB 3177 - SB 3173

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - Not Significant

Other Fiscal Impact - Restricts the use of any tobacco settlement funds, estimated to be in excess of \$200,000,000 in calendar year 2000, by establishing a trust fund for all such funds and restricting expenditures to interest earnings only.

Estimate assumes the Departments of Treasury, Health, and Agriculture will use existing staff and resources to administer the provisions of this bill.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James A. Davenport". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

James A. Davenport, Executive Director